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Public Policy and Projects: Making Connections and Starting Conversations – Joe Sanderson and Graham Winch

Project management is very deeply embedded in the public sector. If we follow Morris' (1994) standard account, the project management toolkit was developed within the public sector for cold war defence acquisition projects and challenges to that perspective (e.g. Lenfle and Loch 2010) also draw on evidence from a public sector project. However, there has been remarkably little attention in the field of project organising research to the public policy aspects. This special issue aims to address this gap by publishing papers on the role of the public sector in the promotion and delivery of major programmes. Although the call for this special issue on public policy and projects was not in any way restricted to economic infrastructure programmes, in the outturn nearly all the submitted papers, and all of the accepted papers, are focused on this sector[1]. So, this introduction will also focus on economic infrastructure. This leaves it open for others to promote special issues on important topics such as government transformation programmes, social infrastructure, and the acquisition of defence materiel from a policy perspective.

The social and economic role of infrastructure in modern societies is well understood (Stevens *et al.* 2006), yet recent research has identified the so-called "infrastructure gap" (World Economic Forum 2012). This is the gap between current investment in economic infrastructure and the investment required to support properly economic growth, a gap which is widened by the severe dilapidation of many existing economic infrastructure assets (Kanter 2015; Kessides 2004). Economic infrastructure is also characterised by a "market failure" in which private sector enterprise is incapable of meeting the demand for infrastructure despite its economic value because they are "collective consumption" (Samuelson 1954), or public,

[1] A partial exception to this generalisation is Santandrea, Sironi, Grassi and Georgino which analyses the UK's HM Treasury data base of all PFI projects, many of which were social infrastructure and, in the early phases, information systems projects.

goods. Here each person can consume without reducing the ability of others to consume (up to congestion limits) and it is infeasible to exclude potential consumers of a public good for practical or political reasons. The latter condition means that income streams are inadequate to provide returns on investment, while the former condition means that it is politically acceptable in all jurisdictions for economic infrastructure to be provided by the public sector financed through general levies or taxation. The paradigm example of a public good is the lighthouse.

Coase (1974) developed this argument by pointing out that public goods do not necessarily mean public provision, citing the example of the UK where the provision of lighthouses has been, and still is, a more mixed affair under a Crown charter since 1514. France, on the other hand, chose direct public provision by the central state (Bertrand 2005). Three of the papers in this special issue (Aerts, Dooms and Haezendonck; Santandrea, Sironi, Grassi and Georgino; Teo and Bridge) directly address the modern incarnation of this private provision of public goods through the widely diffused public policy initiative on public private partnerships (PPPs).

Once the public sector has determined that a particular infrastructure investment is desirable it needs both to acquire the human and material resources required to deliver it and also convince stakeholders whose interests are negatively affected by that investment to accept it. An initial challenge is to avoid corruption in the acquisition of the required resources, because the large sums of public money being invested are honey pots for those wanting to make a quick buck. For obvious reasons, empirical research in this area is very challenging, so we are particularly pleased to be able to publish Locatelli, Mariani, Sainati and Greco on this under-researched topic. Choosing how to acquire those resources through the most appropriate procurement routes is a question explored in this special issue by Park and Kwak. Their research suggests that the predominance of design-bid-build procurement in

many infrastructure projects runs counter to arguments in the contracts literature. Convincing stakeholders of the merits of the infrastructure investment remains challenging, particularly where global winners in the wider economy face local losers whose property and amenity are adversely affected by the investment. Current approaches conceptualise stakeholders as proactive hubs engaging with reactive satellites (Winch forthcoming 2017), and we need new ways of conceptualising stakeholder networks along the lines suggested by Revellino and Mouritsen.

In spite of the importance of these issues, there has been comparatively little research into the owner side of projects and programmes across those sectors where the government is an investor and owner responsible for the realisation of benefits through life. The principal exceptions to this generalisation are reviewed in Brunet and Aubry (2016). Their review suggests that the effectiveness of major projects intended to deliver public policy initiatives, typically through some form of built infrastructure, should be not be judged simply in terms of rational economic efficiency and the value for money achieved – performance narrowly defined. Rather, because taxpayers' money is being spent, either directly through provision of the finance or indirectly by paying shadow tolls and availability charges in PPPs, and such projects have a strong public interest dimension, project effectiveness should be seen as an important sub-set of policy effectiveness. This brings into play notions of democratic legitimacy and accountability. Here legitimacy refers to the extent to which a project is seen as acceptable by the public. Does the project deliver on the policy promises made by democratically elected politicians and is it therefore regarded as a legitimate expression of their mandate? Moreover, is the public sector owner intelligent or capable enough to guard against abuses of power and to ensure the legitimacy of a project delivered in their name? Accountability refers to the need for those involved in major public projects, both owners and contractors, to have clear roles and lines of responsibility so that decisions can be properly

audited and scrutinised. This becomes particularly important where the decisions being taken are highly controversial and need to be explained in the court of public opinion.

The six papers in this special issue amply demonstrate the value of using the thematic dimensions of efficiency, legitimacy and accountability to create a bridge between the domains of public policy and project management. As shown in table 1, we see insights in each paper that speak to at least two and in some cases all three of these themes.

The paper by Aerts, Dooms and Haezendonck suggests how an under-investment in project-based learning might have negative consequences for project efficiency, legitimacy and accountability. They look at knowledge transfers in two Belgian rail infrastructure projects, and find that the transfer of knowledge from the temporary projects to the permanent state-owned enterprise (the owner) was limited to an individual and tacit level. Broader organisational learning, generating explicit knowledge that might be deployed by the owner on future large-scale infrastructure projects, remains underdeveloped in these cases. Their key explanation is that these privately-financed PPP projects were politically imposed on the owner by the Government and the projects were regarded as atypical. These two factors acted as a disincentive for the owner to invest the necessary time and money in capturing and explicitly codifying the lessons from these projects. The authors conclude that without such an investment in codified knowledge, the public sector will be constrained in its ability to act as an intelligent owner and ensure project legitimacy, to define clear roles and lines of responsibility, and to extract good value for money from private sector contractors.

Table 1 Contribution of papers to thematic dimensions

	Thematic Dimensions Common to Public Policy and Projects		
	Efficiency (Performance and Value for Money)	**Legitimacy (Public Acceptability)**	**Accountability (Transparency of Processes)**
Aerts, Dooms and Haezendonck Project-based learning in PPPs	X	X	X
Santandrea, Sironi, Grassi and Georgino Market concentration risk in PFI projects – impact on VFM	X		X
Locatelli, Mariani, Sainati and Greco Corruption in public projects – institutional causes and consequences	X	X	X
Teo and Bridge Efficient allocation of property rights to determine the appropriateness of PPP mode	X		X
Park and Kwak Appropriate choice of procurement method (DB vs. DBB) in public transport projects	X		X
Revellino and Mouritsen 'Dingpolitics' in megaprojects – beyond elite interests, power and politics		X	X

The paper by Santandrea, Sironi, Grassi and Georgino focuses our attention on questions of project efficiency and accountability. They analyse a dataset from 706 UK PFI

projects and conclude that the value for money achieved is correlated with the competitiveness of the private equity market used to finance each project. So, a highly concentrated equity market presents a substantial risk to the public purse, because private investors are powerful enough to demand and receive higher rates of return. Given changes to PFI policy that require greater involvement of equity holders, this paper suggests that the efficiency of PFI projects is intimately linked with the efforts of public sector project owners to undertake the necessary due diligence at the front-end to ensure that investors take on an appropriate share of project risk. The public sector owner is thus accountable for auditing the likely fairness and transparency of equity market competition before opting for the PFI route.

Locatelli, Mariani, Sainati and Greco examine a little discussed, but crucial issue in their paper on corruption in public sector megaprojects. They use institutional theory to develop the concept of corrupt project context, a set of circumstances that make corruption more likely. They suggest that corruption is particularly relevant for large and uncommon projects where the public sector acts as the owner or as the main contractor. Their case study from the Italian high-speed railway shows the negative impact of corrupt behaviour on project efficiency (cost and time performance) and the value for money achieved. Their research also shows that country context is an important influence on project legitimacy and accountability. Significant discretionary power for public officials, economic rents available to individual policy-makers, and weak institutions all make a country prone to corruption and undermine legitimacy and accountability.

The papers by Teo and Bridge and Park and Kwak share an interest in the appropriate procurement, contracting and delivery modes for major public sector infrastructure projects. Each paper thus makes a clear contribution to the question of how best to achieve efficient project outcomes. These papers also draw our attention to matters of project accountability, suggesting that public sector decision-makers need and would benefit from a transparent,

rigorous and auditable set of criteria on which to base their choice of project delivery mode. Teo and Bridge tackle this issue of decision criteria by building a conceptual framework to determine when it is efficient to use the private sector to deliver a public project through a PPP. Park and Kwak provide an empirically grounded argument in favour of the development of more standardized and objective decision criteria. They analyse data from 1,512 public transportation projects in Florida over a ten year period and find notable misalignment between theory and practice in the choice of project delivery mode. Park and Kwak find that large-scale, environmentally uncertain and technologically challenging projects, which contract theory suggests should be delivered through a design-build (DB) mode, are often delivered through the more traditional design-bid-build (DBB) mode with negative consequences for cost control. They explain this in terms of the project owner's desire to maintain control. They also find that contractor selection decisions where the DB mode is used may not be optimal due to a lack of effective competition and inadequate transparency on supplier costs and capabilities.

Finally, the paper by Revellino and Mouritsen eschews the typical concern of project management research with efficiency and performance to focus squarely on broader issues of democratic legitimacy and accountability. They note that there is already a strong focus in megaprojects research on the crucial importance of power and politics for an understanding of how such projects are managed and delivered. Through an analysis of the Italian public sector system for stakeholder management they argue, however, that the common approach to matters of politics in projects presents a rather limited, elitist vision of legitimacy and accountability, because it focuses on a narrow set of stakeholders – interested parties, those with something to win or something to lose in a direct sense. The alternative vision developed by Revellino and Mouritsen uses Latour's idea of Dingpolitics to argue that we can only properly understand how a megaproject evolves if we broaden our focus to include all human

and non-human actors who are concerned about the project. Issues of legitimacy and accountability are thus recast in terms of two key questions: 'who has to be taken into account' and 'what has to be taken into account'.

So, despite the theoretical and methodological diversity evident in these six papers, there is much here that shows a common concern with themes of interest to public policy scholars. The public sector has been and will continue to be inextricably bound up with the promotion and delivery of major projects and programmes. It makes sense, then, for scholars in the public policy and project organising research communities to come together in mutually beneficial dialogue. We believe that this special issue represents an important step in the development of such a dialogue.

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